

Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

New Government Takes Firm Hold in the Bahamas

State Dept. review completed

Secret

Nº 45

15 September 1967
No. 0307/67B

Page Denied

SECRET

25X1

NEW GOVERNMENT TAKES FIRM HOLD IN THE BAHAMAS

A bloodless evolution took place in the Bahamas in the January 1967 elections when the all-Negro Progressive Liberal Party (PLP) swept out the white oligarchy that had ruled the islands' predominantly Negro population for 300 years.

In its first eight months of office the PLP government, led by Premier Lynden O. Pindling, has taken effective hold and allayed earlier fears about its competence and political orientation. After an initial period of uncertainty, the investment climate has improved. Economic indicators suggest that business activity is higher now than before the elections.

Strained relations between the Pindling government and British officialdom may lead to an early move for independence; internal autonomy was granted in 1964. British influence in the Bahamas, according to the US consul general, is now "minus zero," and Pindling believes that his government's best interests lie in close relations with the United States. The Bahamas--extending over 600 miles across entrances to the upper Caribbean and the Gulf of Mexico; lying close to Florida, Cuba, and Haiti

are of strategic importance to the United States.

25X1

Pindling in Office

The PLP has made a remarkably smooth transition to power despite a lack of experienced leaders. In its eight months in office, the new government has followed a moderate course in an earnest effort to create a stable government while at the same time initiating programs designed to bring about better conditions for the vast majority of the people. Premier Pindling, in full

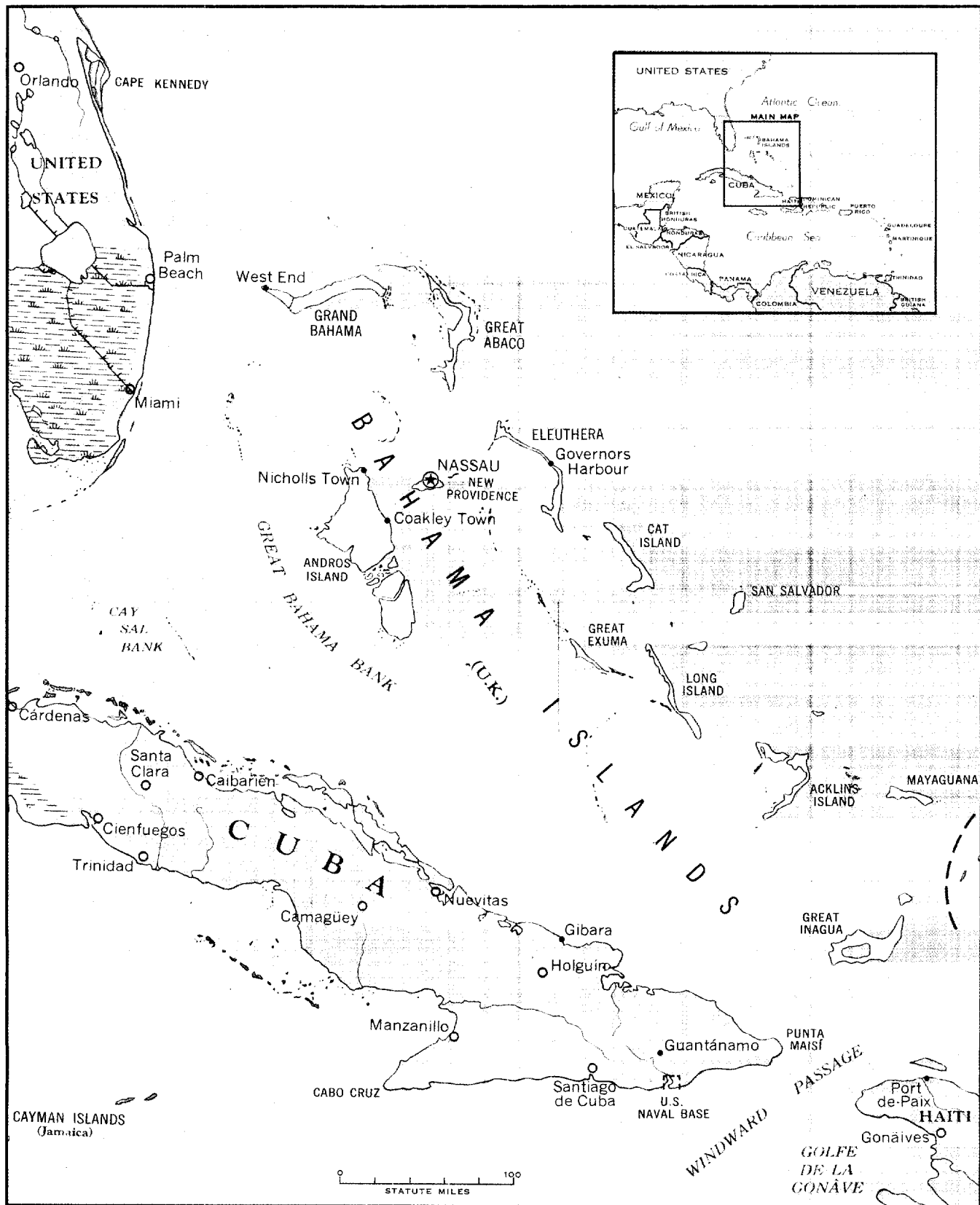
control of both his party and the government, describes himself as a "conservative with a social conscience."

Education, health, and tourism have priority in the government's program. Education is being stressed as a means for Bahamians to take over many of the positions in commerce or government currently held by British, Americans, and Canadians. In

SECRET

SECRET

BAHAMA ISLANDS



67929 9-67

SECRET

SECRET

25X1

addition, immigration policy has been tightened to prevent foreigners from occupying positions that Bahamians could fill.

The most controversial measure the new government has taken thus far is the establishment of a system whereby cabinet ministers are paid salaries and are forced to give up their personal enterprises while holding office. Although the opposition has criticized the move as extravagant, the government says it is necessary to encourage honesty among officials.

The early fears about radicalism and racism have been allayed, and extremist ideological views from either the right or left are not reflected in the present government.

Foreign Ties

One of the most critical problems facing the Pindling regime is its relationship with British officialdom.

25X1

Although the governor has little power, Pindling and his supporters believe he uses his office to harass them.

25X1

25X1

25X1

Thus far, London has not been receptive to Pindling's efforts to secure the governor's

SECRET

SECRET

25X1

removal. The US consul general believes that unless this attitude changes, the Bahamian Government will opt for independence within a year. On the other hand, if the British comply with Pindling's wishes a move for independence would be postponed, probably for three or four years.

Economic Developments

The Pindling government is pursuing a moderate course in economic affairs. It is stressing development, and continues to assure investors that the government has no intention of

disturbing the Bahamas' reputation as a tax haven.

Recognizing the importance of foreign capital to the Bahamas, Premier Pindling has repeatedly reassured the business community that freedom from income and corporation taxes will continue. On 28 February, he stated, "My Government does not foresee the introduction of taxes on income, capital gains, and estates." This point was further emphasized by the minister of finance in his presentation of the 1967 budget.

Nevertheless, some local businessmen and foreign investors are continuing to follow a wait-and-see policy. Local investor unrest is centered in the "Bay Street Boys"--the former white ruling class which still controls much of the islands' economic activity.



**Premier
Lynden O. Pindling**

The daily newspapers, which are extremely hostile to the government, report that some foreign depositors have withdrawn their funds from Bahamian banks. Despite these reports, the investment climate has improved since the first of

25X1

SECRET

SECRET

25X1

the year, and tourism--the most important source of revenue--continues to increase and expand.

The Bahamian Senate has approved a \$27.5-million Capital Development Estimates Bill that provides for the building of new secondary schools in New Providence, a new government office complex in Freeport, customs offices, warehouses, and residences in the outer islands, and the expansion of the water system in Nassau. The government plans to finance these investments through tax receipts and loans from foreign banks, some of which are presently being negotiated. This increase in public investment appears to have offset the present lag in the private sector.

Prospects

Despite the many problems facing the Pindling government, its short-term prospects are good. Pindling's intelligence, ambition, charisma, and determi-

nation to make his government succeed are all assets. Moreover, there is no viable alternative to the PLP government at the present time, although the US consul general predicts a multiracial government within ten years.

The government's major problem is an economic one, but with strong political overtones. Discontent could build rapidly if the government's programs fail to show tangible results directly benefiting the 85 percent of the population that does not share in the expanding economy.

Another problem that will continue to plague the new government is continued harassment by the entrenched economic and political forces.

25X1

* * *

SECRET

SECRET

SECRET

Secret

Secret